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ATTORNEYS FOR THE DEBTORS AND DEBTORS-IN-POSSESSION

**THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF TEXAS
FORT WORTH DIVISION**

_____)	
In re)	Chapter 11 Case
)	
MIRANT CORPORATION, <u>et al.</u> ,)	Case No. 03-46590-DML-11
)	Jointly Administered
Debtors.)	
_____)	

**SECOND APPLICATION FOR ENTRY OF AN ORDER PURSUANT TO 11 U.S.C.
§§ 327(e) AND 328 EXPANDING THE SCOPE OF EMPLOYMENT AND RETENTION
OF PAUL, HASTINGS, JANOFSKY & WALKER LLP AS SPECIAL COUNSEL FOR
THE DEBTORS**

TO THE HONORABLE UNITED STATES BANKRUPTCY JUDGE:

Mirant Corporation (“Mirant”) and its affiliated debtors (collectively, the “Debtors”), as debtors-in-possession, file this Second Supplemental Application for Entry of an Order Pursuant to 11 §§ 327(e) and 328 Expanding the Scope of Employment and Retention of Paul, Hastings, Janofsky & Walker LLP as Special Counsel for the Debtors (the “Application”), and in support of this Application, the Debtors respectfully represent as follows:

JURISDICTION AND VENUE

1. This Court has jurisdiction to consider this Application pursuant to 28 U.S.C. § 1334. This is a core proceeding pursuant to 28 U.S.C. § 157(b). Venue is proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409.

PROCEDURAL BACKGROUND

2. On July 14, 2003 (the “Petition Date”), each of the Debtors filed a voluntary petition in this court for relief under chapter 11 of title 11 of the United States Code, 11 U.S.C. §§ 101-1330, as amended (the “Bankruptcy Code”). The Debtors continue to manage and operate their businesses as debtors-in-possession pursuant to Sections 1107 and 1108 of the Bankruptcy Code.

3. On the Petition Date, the Debtors filed a motion to jointly administer their bankruptcy estates, which motion was approved by Order of this Court dated July 15, 2003.

4. No trustee or examiner has been requested or appointed in any of the Debtors’ chapter 11 cases.

5. On July 24, 2003, the Debtors filed the “Application for Entry of an Order Pursuant to 11 U.S.C. § 327(e) Authorizing the Employment and Retention of Paul, Hastings, Janofsky & Walker LLP as Special Counsel for the Debtors Nunc Pro Tunc to the Petition Date” (the “First Application”). In support thereof, Paul, Hastings, Janofsky & Walker LLP (“Paul Hastings” or the “Firm”) submitted the “Affidavit of Jonathan Birenbaum in Connection with the Retention of Paul, Hastings, Janofsky & Walker LLP as Special Counsel to the Debtors” (the “First Affidavit”). On September 23, 2003, the Debtors filed the “First Supplemental Affidavit of Jonathan Birenbaum in Connection with the Employment of Paul, Hastings, Janofsky & Walker LLP as Special Counsel for the Debtors” (the “First Supplemental Affidavit”).

6. On September 24, 2003, the Court signed the “Final Order Pursuant to 11 U.S.C. § 327(e) Authorizing the Employment and Retention of Paul, Hastings, Janofsky & Walker LLP as Special Counsel for the Debtors Effective as of the Petition Date.”

7. In October 2003, Paul Hastings received a list of additional interested parties from the Debtors to run through the Firm’s conflict database. In connection therewith, on November 14, 2003, the Firm submitted the “Second Supplemental Affidavit of Jonathan Birenbaum in Connection with the Employment of Paul, Hastings, Janofsky & Walker LLP as Special Counsel for the Debtors” (the “Second Supplemental Affidavit”). In accordance with the Firm’s continuing disclosure obligations under the Bankruptcy Code, on February 10, 2004, the Firm submitted the “Third Supplemental Affidavit of Jonathan Birenbaum in Connection with Paul Hastings’ Representation of the Debtors as Special Counsel” (the “Third Supplemental Affidavit”). The First Affidavit, the First Supplemental Affidavit, the Second Supplemental Affidavit, and the Third Supplemental Affidavit are collectively referred to herein as the “Affidavits.”

8. In March 2004, the Debtors filed the “Application for Entry of an Order Pursuant to 11 §§ 327(e) and 328 Expanding the Scope of Employment and Retention of Paul, Hastings, Janofsky & Walker LLP as Special Counsel for the Debtors” (the “Second Application”). On April 9, 2004, the Court granted the Second Application and entered the “Interim Order Pursuant to 11 §§ 327(e) and 328 Expanding the Scope of Employment and Retention of Paul, Hastings, Janofsky & Walker LLP as Special Counsel for the Debtors, Effective as of February 18, 2004” (the “Interim Order”).

9. While Paul Hastings has handled some employment matters for the Debtors post-petition, the Debtors seek to expand the Firm's employment work. The Debtors' in-house employee relations staff seeks the Firm's advice on personnel and employment law matters such as Family and Medical Leave, state and federal discrimination law compliance, wage and hour matters, and other human resources practices. Paul Hastings' advice will generally be dispensed over the telephone or by email, but may involve research projects. The primary goal of this assistance will be to avoid litigation by resolving employee concerns promptly. The Debtors also seek Paul Hastings' representation in grievance proceedings with the Debtors' unionized employees, and the Firm's advice on labor-management relations issues. The matters described in this paragraph are collectively referred to herein as the "Employment Matters."

10. Subject to the Court's approval, Paul Hastings has agreed to represent the Debtors in connection with the Employment Matters. Accordingly, the Debtors hereby request authorization to expand the scope of Paul Hastings' retention and employment to include representing the Debtors as special counsel in connection with the Employment Matters.

FACTUAL BACKGROUND

11. The Debtors hereby incorporate by reference the factual background included in the First Application and the Second Application.

RELIEF REQUESTED

12. Pursuant to Section 327(e) of the Bankruptcy Code, the Debtors respectfully request an order expanding the scope of Paul Hastings' employment as special

counsel to include (a) the services authorized under the Interim Order, and (b) the services required in connection with the Employment Matters, effective April 8, 2004.¹

13. As shown in the First Application, the Debtors believe that they will continue to need Paul Hastings' representation in matters they have or may encounter and that Paul Hastings will efficiently handle such matters. Expanding the scope of Paul Hastings' employment in these cases will avoid unnecessary litigation and reduce the overall expenses of administering these cases.

14. The Debtors have selected Paul Hastings as their special counsel because of the Firm's extensive experience with and knowledge of the Debtors' businesses and financial affairs. Paul Hastings has been rendering advice to the Debtors since September 2000. Additionally, certain attorneys represented Mirant and its affiliates while at other firms before joining Paul Hastings. Due to Paul Hastings' familiarity with the Debtors' financial structure, contractual relationships and business operations and affairs, as well as its recognized national reputation and expertise in the areas for which it is being retained, the Debtors believe that Paul Hastings is uniquely qualified to assist them in these matters.

15. Paul Hastings will continue to coordinate its efforts with bankruptcy counsel and other professionals retained by the Debtors and clearly delineate its duties to prevent any duplication of effort. The Debtors believe that rather than resulting in any extra expense to the Debtors' estates, the efficient coordination of efforts of counsel will greatly add to the effective administration in these Chapter 11 cases.

¹ The Debtors notified Chambers on April 8, 2004 that they would be seeking to further expand the scope of Paul Hastings' employment.

16. It is necessary for the Debtors to expand the scope of Paul Hastings' employment as described herein. Paul Hastings has stated its desire and willingness to act in these cases as special counsel for the Debtors and render those necessary services that are approved by the Court. To the best of the Debtors' knowledge, Paul Hastings and its partners, counsel and associates do not have any connection with or any interest adverse to the Debtors, their creditors, or any other party in interest, or their respective attorneys and accountants, except as set forth in the Affidavits.

17. The Debtors understand that Paul Hastings intends to continue applying to the Court for allowance of compensation and reimbursement of expenses in accordance with the applicable provisions of the Bankruptcy Code (or as otherwise allowed by order of this Court), the Federal Rules of Bankruptcy Procedure, and the Local Bankruptcy Rules for the Northern District of Texas for all services performed and expenses incurred after the Petition Date.

18. Pursuant to section 328(a) of the Bankruptcy Code, the Debtors may retain Paul Hastings on any reasonable terms and conditions. The Debtors submit that the most reasonable terms and conditions are those charged by Paul Hastings to the Debtors and other clients on a daily basis in a competitive market for legal services. Therefore, the Debtors and Paul Hastings have agreed that the Debtors shall continue to pay Paul Hastings' customary hourly rates for services rendered that are in effect from time to time, as set forth in the First Affidavit, and reimburse Paul Hastings according to its customary reimbursement policies.

19. The Debtors have been informed that Jonathan Birenbaum, as well as other partners in, counsel to and associates of Paul Hastings who have performed and will continue to perform services for the Debtors during these chapter 11 cases, are members in good

standing of the courts in which they are admitted to practice. Any of the Paul Hastings attorneys who are not already admitted to practice before this Court, and whose appearance before the Court is necessary and appropriate, will seek admission pro hac vice.

20. Paul Hastings represented the Debtors on a prepetition basis in connection with other non-bankruptcy related matters including, without limitation, (i) those described in paragraph 5 of the First Affidavit, (ii) certain acquisitions and divestitures the Debtors concluded in the two and one-half years before the Petition Date, (iii) a number of corporate and project financings, (iv) general corporate governance matters, and (v) federal energy regulatory matters.

21. To the best of the Debtors' knowledge, information and belief, Paul Hastings represents no interest adverse to the Debtors or to their estates in the matters for which Paul Hastings is retained and seeks to be retained. The Debtors submit that expanding the scope of Paul Hastings' employment is in the best interests of the Debtors, their estates and creditors. The Affidavits, executed on behalf of Paul Hastings in accordance with the provisions of Section 327 of the Bankruptcy Code, Federal Rule of Bankruptcy Procedure 2014, Local Bankruptcy Rule 2016(b) and U.S. Trustee Guidelines, are incorporated herein by reference. The Debtors' knowledge, information and belief regarding the matters set forth in this Application are based, and made in reliance, upon the Affidavits.

22. In the event that any affiliates of the Debtors subsequently commence chapter 11 cases, which are jointly administered with these cases, the Debtors request that the relief requested herein apply to such debtors and their respective estates. Paul Hastings agrees to file such additional affidavits as necessary pursuant to sections 327(e) and 328 of the Bankruptcy Code with regard to such debtors and their estates.

WHEREFORE, the Debtors respectfully request entry of an order (i) expanding the scope of Paul Hastings' retention and employment as special counsel for the Debtors pursuant to sections 327(e) and 328 of the Bankruptcy Code to include (a) the services authorized under the Interim Order, and (b) the services required in connection with the Employment Matters, and (ii) granting the Debtors such other and further relief as is just.

RESPECTFULLY SUBMITTED this 22nd day of April, 2004.

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AND DEBTORS-IN-POSSESSION

CERTIFICATE OF SERVICE

The undersigned hereby certifies she has authorized BSI as service agent to cause to serve a true and correct copy of the foregoing document upon all parties on the Limited Service List via first class mail, postage prepaid, the 22nd day of April 2004 in accordance with the Federal Rules of Bankruptcy Procedure.

/s/ Michelle C. Campbell _____